

Leggett warns of another round of big cuts

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September 24, 2010

Budget problems expected to remain across region

Budget pain for Washington-area residents is unlikely to subside anytime soon, as some jurisdictions are already planning for more cuts just months after tackling historic funding shortfalls.

Montgomery County Executive Ike Leggett, on the heels of closing the largest budget gap in the suburb's history, is telling county departments to brace for 10-to-15 percent reductions in their respective budgets next fiscal year.

"Reconciling the county's sharply increasing costs with limited growth in revenues will almost certainly require another round of significant expenditure reductions in FY 12," Leggett wrote in a memo to County Council President Nancy Floreen. "Given that these departments and agencies have already sustained significant budget reductions over the last several years, I recognize that this request will be extraordinarily difficult."

The county executive is projecting a more than \$200 million shortfall for fiscal 2012, and that figure doesn't include potential new costs, such as a greater teacher pension burden for localities and any downturns in income tax revenues -- which caused the county's deficit to skyrocket to nearly \$1 billion last fiscal year.

"It could get worse than it is projected right now," said Leggett spokesman Patrick Lacefield. "It certainly could."

The county recently adopted a spending plan that calls for virtually no growth in agency spending. However, Leggett estimates that a \$145 million spike in funding commitments, driven largely by health care and energy costs, would necessitate a 4.3 percent jump in expenditures.

In Northern Virginia's largest suburb, Fairfax County Executive Anthony Griffin has projected a \$130 million shortfall for next fiscal year; but with stimulus funds drying up and additional obligations for retirement packages, some say that calculation is overly optimistic.

"The number is going to be much larger," said Fairfax County Supervisor Pat Herrity, R-Springfield. "Luckily, we did a better job than Montgomery County about getting serious with reducing costs -- which was certainly easier to do without their union presence -- but we still have plenty that needs to be cut."

The District, which operates under the federal budget cycle, is still coming to terms with fixes to this year's budget. The new fiscal year starts Friday.

D.C. drivers are paying steeper fines for violations, the city's 6 percent sales tax was applied to sugary drinks and the city's reserves were further depleted to close a \$550 million budget gap.

As part of Montgomery County's projections, wages would remain flat next year for county employees, who were furloughed and denied raises and cost-of-living increases this year to balance the budget. County officials will hold bargaining agreements with public employees unions this fall, where the lost benefits are certain to dominate the negotiations.

"We know it is going to be another difficult year," Floreen said. "We have major funding commitments that have all kinds of implications on how much money we can realistically spend. That is what we are telling everybody."

Lacefield said the prospect of new taxes has not been discussed by local officials. However, Leggett predicted his budget, which will be submitted to the council in March, would "substantially impact county programs and staffing levels."

At least some familiar with Montgomery's spending obligations say the government's structure still reflects a community flush with cash and that deficits will continue to pile up without addressing inefficiencies.

"To me, restructuring means figuring out how many people it actually takes to do that job," said Councilman Marc Elrich, D-at large. "In the past, we assumed that employees couldn't possibly do any more than they were doing. I just don't think that is true."

Elrich added that an outside firm should be consulted for restructuring efforts but doubted the county had enough resources to approve such an initiative.